

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
DECEMBER 15, 2014**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, December 15, 2014.

The meeting was called to order by Chairman Wayne Schuetter.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Wayne Schuetter – Chairman
Rick Stradtner – Vice Chairman
Doug Schulte – Secretary
Alex Emmons – Wastewater Commissioner
Ken Sendelweck – Electric Commissioner
Dave Hurst – Water Commissioner
Keith Masterson – Gas Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Ernie Hinkle – Gas & Water Manager
Ed Hollinden – Wastewater Manager
Bud Hauersperger – General Manager
Ashley Kiefer – Office Manager

ABSENT:

Renee Kabrick – City Attorney

PLEDGE OF ALLEGIANCE (DVD-00:38)

Chairman Wayne Schuetter led the Pledge of Allegiance.

VISITORS (DVD-01:10)

Chairman Schuetter welcomed Austin Rothgerber, Damon Wilmes, and Kyle Wendholt of Forest Park High school. They attended the meeting for a class project.

APPROVAL OF MINUTES (DVD-01:50)

Chairman Wayne Schuetter presented the minutes of the November 17, 2014 Regular Meeting and there being no corrections or amendments, asked for a motion to approve the minutes. Rick Stradtner made a motion to approve the minutes of the meeting as presented. Doug Schulte seconded the motion. Motion approved, 7-0.

APPROVAL TO UPDATE EMPLOYEE HANDBOOK – CALE KNIES, DIRECTOR OF PERSONNEL/SAFETY/LOSS CONTROL (DVD-02:17)

Chairman Schuetter stated that he was informed that the updates to the Employee Handbook are not ready to be approved at tonight's meeting. The issue will be tabled until the January USB meeting.

PHASE I ASSESSMENT- ELECTRIC GENERATION (DVD-02:39)

Bud Hauersperger explained to the Board that he reviewed the Phase I Assessment for the environmental study on the Power Plant. The study made some recommendations. Hauersperger stated that Cardno is going to report back within a couple of weeks with an estimate and a scope of work for Phase II of the assessment. Another Electric Committee meeting will be scheduled next month to review the results.

ELECTRIC PLANNING COMMITTEE REPORT (DVD-03:55)

Ken Sendelweck, Chairman of the Electric Planning Committee, stated that the committee did meet December 8, 2014. At the meeting the Committee reviewed the Electric Department's 2015 Capital Expenditure Plan. After much discussion and evaluation the Committee agreed to recommend to the Board the Capital Expenditure plan totaling \$269,700 for the Electric Department as presented.

Keith Masterson made a motion to approve the Electric Distribution's 2015 Capital Expenditure Plan as presented. Dave Hurst seconded the motion. Motion approved, 7-0.

Bud Hauersperger informed the Committee that IMPA shows a four to five percent increase in purchased power costs for 2015. This increase will affect the tracker.

The Committee discussed the Power Plant and the Expressions of Interest which were due back December 1st. Hauersperger stated that no formal proposals were received. The only interest he received was from a couple of salvage companies to demo the facility. The discussion was tabled pending the Phase I Assessment and potentially a Phase II Assessment.

The Committee also discussed the need to reclassify the legal costs for the Power Plant lease and litigation, which total approximately \$860,000. The costs are currently in a construction in progress account and need to be reclassified as an expense, since the lease did not materialize. This recommendation was made by the State Board of Accounts. The Committee recommends to the Board that the Utilities absorb and reclassify the legal costs as an expense in 2014.

Doug Schulte made a motion to absorb and reclassify the legal costs for the Power Plant lease and litigation as an expense in 2014. Keith Masterson seconded the motion. Motion approved, 7-0.

Chairman Schuetter also stated that permission was given to the Street Department to store salt in the bins at the Power plant.

RESULTS OF CHEMICAL QUOTE OPENING (DVD-09:14)

Ernie Hinkle presented a comparison (see attached) of the chemical quotes that were opened at the November meeting. The low quotes and / or the most responsive quotes are as follows:

PAC Flocculant – Brenntag Mid South
Lime – Mississippi Lime
Carbon – Brenntag Mid South
Chlorine – Brenntag Mid South
Hydro Fluosilicic Acid – Chemical Resources
Cairox Potassium – Univar USA, Inc.
Algicide – Water Solutions
Sodium Bisulfite – Brenntag Mid South

The comparison document explains the exceptions to the low quotes, per Hinkle.

Dave Hurst made a motion to approve the low quotes for the chemicals, with the exceptions as noted, for 2015 as presented. Rick Stradtner seconded the motion. Motion approved, 7-0.

Hinkle stated that the price comparison between chemical costs from 2014 to 2015 should be a wash, due to some chemical costs increasing, while others decreased.

UPDATE ON WATER TREATMENT PLANT UV PROJECT – DERICK WIGGINS
(DVD-10:34)

Derick Wiggins with Midwestern Engineers explained to the Board that the UV project for the Water Filtration plant is a couple of weeks underway. Wiggins stated that excavation for the new building is complete. They are starting to form walls and put in rebar. A pay request for approximately \$174,000 was submitted for work done to date and materials delivered to the site. Midwestern Engineers did review the pay request and recommends payment. This pay request is included in the Claim Docket for approval tonight.

BEAVER LAKE VALVES (DVD-12:50)

Ernie Hinkle informed the Board that the valves at Beaver Lake will be opened on December 17th to drain the lake to winter pool.

GAS PLANNING COMMITTEE REPORT (DVD-13:07)

Keith Masterson, Chairman of the Gas Planning Committee, stated the Committee did meet December 1, 2014. At the meeting the Committee reviewed the Gas Department's 2015 Capital Expenditure Plan. After much discussion and evaluation the Committee agreed to recommend to the Board the Capital Expenditure plan totaling \$31,000 for the Gas Department as presented.

Ken Sendelweck made a motion to approve the Gas Department's 2015 Capital Expenditure Plan as presented. Alex Emmons seconded the motion. Motion approved, 7-0.

WATER PLANNING COMMITTEE REPORT (DVD-13:47)

Dave Hurst, Chairman of the Water Planning Committee, stated the committee did meet December 1, 2014. At the meeting the Committee reviewed the Water Department's 2015

Capital Expenditure Plan. After much discussion and evaluation the Committee agreed to recommend to the Board the Capital Expenditure plan totaling \$54,000 for the Water Department as presented.

Rick Stradtner made a motion to approve the Water Department's 2015 Capital Expenditure Plan as presented. Keith Masterson seconded the motion. Motion approved, 7-0.

Chairman Schuetter stated that each 2015 Capital Expenditure Plan includes computer, telephone, and fiber network costs. The City has been looking into replacing the computers and phone systems for many years; they are on their last leg. Brian Scott with Technology Dynamics has recommended an IT Master Plan for the City.

Bud Hauersperger distributed the Anticipated Project Schedule for the Beaver Dam Spillway modifications from Christopher B. Burke Engineering, which is an aggressive schedule that shows construction work to be completed by July 1st. The USB has already given permission to proceed with the bidding process. Construction documents have been sent to DNR for the permitting process. So far they have approved the plans. Since the estimated total cost of the project is \$315,000, Attorney Kabrick suggested including this project on the Wage Determination Hearing the Civil City will be having at the beginning of the year. Chairman Schuetter stated that no commitment has been made to complete this project. The Committee is still waiting on final bids to determine the cost of the project.

The USB has commissioned HJ Umbaugh to perform another water rate study. They have contacted Hauersperger and said they will be in the office December 30th to perform their in-house field work. The rate study will also include the costs for the Beaver Lake project to see how it will affect the water rates.

The Committee also discussed the Water Meter Change Out Program. The program was established to change out water meters in our system as they get older and lose their accuracy. To save cost, we replaced the registers on these meters when we converted to the Electronic Read System, but did not change the meter itself. Hinkle would like to change out these meters whenever we change the register. The new meters would be non-lead, which would comply with the new rule of Non-Lead fittings and meters. Hinkle said approximately 20 meters per month would be changed out.

Hauersperger mentioned that they would like to get water meters inside the home moved outside so they could be serviced or disconnected easier. Normally the cost for moving a meter outside is borne entirely by the customer. Hinkle was tasked to research with local plumbers what the average cost of moving a water meter outside would be. It was mentioned that possibly the City could do a cost-share with the customer. The Committee decided to research the issue more before any decisions are made.

The Committee also discussed the time it took to drain the clearwell during the recent boil order. Midwestern Engineers were asked to look into installing a drain line to the lagoon and a valve to be able to drain the clearwell faster, if the need arose again. This work could have been tacked on to the UV project through a change order. However the estimated cost came back from Midwestern Engineers at \$25,000, and would only take the level down to 14 feet in the clearwell. Hauersperger and Hinkle both agreed that it was not worth the \$25,000; they expected the cost to be much lower.

PERMISSION TO START HIRING PROCESS FOR PLANT OPERATOR- DUE TO RETIREMENT (DVD-19:50)

Ed Hollinden asked for the Board's permission to begin the hiring process for a new plant operator due to an upcoming retirement. Hollinden said that he would post the position internally first, to see if there is any interest.

Keith Masterson made a motion to give Hollinden permission to start the hiring process for the plant operator. Doug Schulte seconded the motion. Motion approved, 7-0.

WASTEWATER PLANNING COMMITTEE REPORT (DVD-20:27)

Alex Emmons, Chairman of the Wastewater Planning Committee, stated the committee did meet December 8, 2014. At the meeting the Committee reviewed the Wastewater Department's 2015 Capital Expenditure Plan. After much discussion and evaluation the Committee agreed to recommend to the Board the Capital Expenditure plan totaling \$357,615 for the Wastewater Department as presented.

Dave Hurst made a motion to approve the Wastewater Department's 2015 Capital Expenditure Plan as presented. Ken Sendelweck seconded the motion. Motion approved, 7-0.

The Committee also discussed the Wastewater rate study results performed by H.J. Umbaugh. Hayersperger explained that a rate study needs to be done every two years. The last rate study was done in 2012. Deen Rogers with HJ Umbaugh was present at the meeting to discuss the rate study methodologies, assumptions, and results. The purpose of the cost-based study is to assure proposed revenues are sufficient to fund the Wastewater's proposed revenue requirements, while also addressing whether the rates and charges are fair, equitable, and in proportion to the cost of providing service to the various user classes.

Rogers said that the current rate study projected Wastewater's annual revenue requirements at \$3,682,064, which is about \$400,000 higher than when the last rate study was performed two years ago. The total projected annual available revenues total \$3,283,140. This means that \$398,924 in addition revenues is needed.

Rogers explained that this was a cost-based study, so an across-the-board percentage adjustment does not apply. Monthly meter charges should be increased by approximately 1.6% to 2.3%, depending on meter size. The study shows monthly flow charges should increase by approximately 23.0% for all customers, with the exception of our wholesale customer, whose flow charge would increase by approximately 15.9%.

To put the increase into perspective, Rogers stated that a typical inside city residential customer's bill (based on 650 cu. ft.) would go from \$30.82 to \$35.04 per month, while an average outside residential customer's bill would increase from \$38.51 to \$43.78 per month; both represent an increase of approximately 13.9%.

Outside City user rates include a 25% up charge in both the meter charge and treatment rates, as established in 2008.

The rate study also recalculated the debt service surcharge related to the 2001 Bonds, and indicated the monthly surcharge for the 264 customers with a 5/8" or 3/4" meter should be \$22.55 per month. The rate currently being billed is \$22.75 per month, so the cost-based surcharge would decrease by \$0.20 per month, or approximately 0.9%. The surcharge for larger meters, if any, would see a similar percentage decrease.

It was noted that when the last two rate studies were done, the Committee decided to recommend a lower increase than what was indicated by the study, or no increase at all. The Wastewater plant is aging and replacements are needed. The mandated phosphorus standard improvements account for nearly half of the suggested rate increase. This mandate is an unfunded mandate. Rogers pointed to a chart comparing what a typical residential customer's monthly bill is in several area communities. The new proposed rates will produce a lower charge than all but one included in Umbaugh's comparison chart.

The Committee agreed to recommend the rate adjustments as shown in Umbaugh's report dated 11/14/14 to the Utility Service Board at its December meeting. The proposed rate adjustments will go into effect no sooner than February or March 2015.

Ashley Kiefer then presented Resolution USB 2014-6, recommending an amendment of the Ordinance fixing a schedule of revised rates and charges collected by the City of Jasper, Indiana, from the owners of property served by the sewage works of said City, and other matters connected therewith.

Kiefer stated that rate increases will go into effect with billings that occur after April 1, 2015, if approved by the Board and Common Council.

Alex Emmons made a motion to approve and recommend to the Common Council Resolution #USB 2014-6. Doug Schulte seconded the motion. Motion approved, 7-0.

ANNUAL BAD DEBT WRITE-OFFSSET (DVD-29:38)

Ashley Kiefer stated that this year's annual bad debt write-off amount totals \$7,990.58, out of an estimated \$44,400,00 in sales for 2014. This amount represents .018% of sales. This amount is almost \$2,000 less than last year. Last year's bad debt write off totaled \$9,847.32 and was .025% of sales.

Alex Emmons made a motion to approve the request to write-off bad debts for 2014 in the amount of \$7,990.58. Rick Stradtner seconded the motion. Motion approved, 7-0.

UPDATE ON COLLECTION ACTIVITIES (DVD-31:27)

Kiefer updated the Board regarding 2014 collection activities for Jasper Municipal Utilities. In 2014, 104 collection letters were sent out by the Jasper Municipal Utilities Business Office. Of those 104 letters, 81 small claims complaints were filed.

The total amount collected in 2014 was \$28,024.28. When complaints are filed, court costs get added to them. The court costs collected totaled \$6,338.00. So, the total amount collected for the Jasper Municipal Utilities was \$21,686.28. The City has been using the Small Claims process since 2007.

Kiefer acknowledged and thanked Mary Huff, Diana Steffen, and Jean Seidl, Customer Service Clerks for Jasper Municipal Utilities, for all of their hard work in the collection process. Kiefer also thanked Attorney Kabrick and her legal assistant Valeri Cockerham, for their help in the small claims process.

CLAIM FOR JOINT DEPARTMENTAL EXPENSES (DVD-33:11)

Kiefer presented, to the Board, a claim for the Utilities' share of joint departmental expenses from the Civil City totaling \$16,506.10. The claim is normally \$2,400 each month. This year the Civil City spent more than they normally spend, therefore the additional amount of \$16,506.10 is in addition to the \$2,400 per month the Utilities has been paying throughout the year.

Much discussion followed. Kiefer explained that the claim was for office supplies and expenses, garage and motor supplies, general supplies, human resource supplies, drug testing, computer supplies, communication and transportation, subscription, dues, and equipment. This claim is not included in the claim docket for approval tonight. Kiefer stated that normally the Utilities pay less than anticipated in the yearly budget for joint departmental expenses.

The Board did not make a motion to approve the \$16,506.10 for the Utilities extra share of departmental expenses. Chairman Schuetter said that the Board will investigate why the amount was so much higher than years past, and how the purchases impacted the Utilities. The Board will make their decision regarding the claim at the January Utility Service Board meeting.

FINANCE PLANNING COMMITTEE MEETING (DVD-36:37)

Doug Schulte, Secretary, stated that the Finance Committee did meet on December 11, 2014. At the meeting the Committee reviewed the Business Office's 2015 Capital Expenditure Plan. After much discussion and evaluation the Committee agreed to recommend to the Board the Capital Expenditure plan totaling \$127,500 for the Business Office as presented.

Bud Hauersperger explained that the Business Office needs to replace the meter reading vehicle in the 1st quarter of the 2015 Capital Expenditure Plan. The current vehicle is a 10 year old Chevy Astro van and has 104,000 city miles on it. More frequent and larger repairs had to be made to the van this year. Hauersperger said that they are looking at a hybrid or plug-in vehicle to replace the current van. This is why the current estimate to replace the van is \$45,000. This will be researched to make sure cost savings would be realized before proceeding with a "green" vehicle.

Rick Stradtner made a motion to approve the Business Office's 2015 Capital Expenditure Plan as presented. Keith Masterson seconded the motion. Motion approved, 7-0.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (DVD-39:54)

Doug Schulte reported the Finance Committee had met and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Keith Masterson made a motion to approve the claims as presented. Ken Sendelweck seconded the motion. Motion approved, 7-0.

MAYOR (DVD-40:34)

Mayor Seitz wished everyone a Merry Christmas. He also thanked the Utility Business Office for all their hard work on collections and write-offs.

Mayor Seitz then recognized Ken Sendelweck for his 17 years of service on the Utility Service Board. Tonight is Sendelweck's last meeting. Mayor Seitz, along with Chairman Schuetter, awarded Sendelweck a Certificate of Appreciation from the City and the Utility Service Board. Sendelweck stated that it was an honor and a privilege to be part of the Utility Service Board for 17 years.

Mayor Seitz then shared that Roger Seng was appointed by him to the Utility Service Board to replace Sendelweck. Seng thanked the Mayor and Board for the opportunity to serve on the Utility Service Board.

Chairman Schuetter thanked Ken Sendelweck on behalf of the Board, past Boards, and ratepayers. Chairman Schuetter stated that the Board has been in existence for 59 years and Ken has served on that Board for almost 1/3 of that time. The Board will do their best to continue the tradition that Sendelweck has extended.

There being no further business to come before the Board, the meeting was adjourned at 7:45PM upon motion by Ken Sendelweck. Motion approved, 7-0.

The minutes were hereby approved _____ with X without corrections this _____ day of _____, 2015.

Attest: _____
Secretary Chairman